

Honorable Robert S. Lasnik

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AT 11:15 AM
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
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CV 01-01158 #00000007

8 UNITED STATES DISTRICT COURT
9 WESTERN DISTRICT OF WASHINGTON
10 AT SEATTLE

11 CYGNUS TELECOMMUNICATIONS
12 TECHNOLOGY, LLC,

13 Plaintiff,

14 v
15 INTERNATIONAL TELECOM LTD and
16 KALLBACK, INC., its subsidiary,

17 Defendants.

18 No. C01-1158L

19 DEFENDANT'S ANSWER AND
20 COUNTERCLAIMS

21 I. ANSWER TO CYGNUS COMPLAINT

22 Defendant International Telecom Ltd ("ITL") hereby answers the Complaint for
23 patent infringement by plaintiff Cygnus Telecommunications Technology, LLC ("Cygnus")
24 dated July 27, 2001 as follows

25 1. Paragraph No. 1 of the Complaint contains jurisdictional allegations for which
26 no response is necessary

27 2. Answering Paragraph No. 2, ITL is without sufficient knowledge or
information to form a belief as to the truth of the allegations contained in Paragraph 2 of the
Complaint, and on that basis denies each and every allegation contained therein.

3. ITL admits the allegations contained in Paragraph 3 of the Complaint.

4. ITL denies the allegations contained in Paragraph 4 of the Complaint because there is no separate legal entity "Kallback Inc."

5. Answering Paragraph No. 5, ITL is without sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 5 of the Complaint, and on that basis denies each and every allegation contained therein.

6. Answering Paragraph 6, ITL is without sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 6 of the Complaint, and on that basis denies each and every allegation contained therein.

7 To the extent that the allegations contained in Paragraph 7 of the Complaint
allege that the claims of the patents-in-suit are entitled to the filing date, April 24, 1992, or are
otherwise patentable under 35 U S C. §§ 101, 102, 103, and 112, the allegation is denied. The
allegation that the patents-in-suit are presumed valid is a legal conclusion and therefore does
not merit a response.

8. ITL admits that it provides a service commonly known as "international callback," however, the remaining allegations contained in Paragraph 8 of the Complaint are denied

9. Answering Paragraph No. 9, ITL is without sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 9 of the Complaint, and on that basis denies each and every allegation contained therein.

10. The allegations contained in Paragraph 10 are denied.

11. Answering Paragraph 11, ITL has denied using or selling services as claimed by the patents-in-suit, therefore, to the extent that Paragraph 11 of the Complaint contains allegations that ITL's international callback services are in violation of Cygnus' rights, those allegations are denied

As for any other allegation contained in the Complaint, those allegations, if any, are denied.

II. AFFIRMATIVE DEFENSES TO THE CYGNUS COMPLAINT

12 The claims of U.S. Patent Nos. 5,883,964 and 6,035,027 are invalid for failure to comply with one or more provisions of 35 U.S.C. § 102.

13 The claims of U.S. Patent Nos. 5,883,964 and 6,035,027 are invalid for failure to comply with 35 U.S.C. § 103.

14. The claims of U.S. Patent Nos. 5,883,964 and 6,035,027 are invalid for failure to comply with one or more provisions of 35 U.S.C. § 112

15. U.S. Patent Nos. 5,883,964 and 6,035,027 have not and are not being infringed by ITL for at least one of the following reasons:

- (a) ITL does not make, use, sell, offer to sell or import into the United States the invention claimed in either patent in suit,
- (b) because of the prior art, the claims of each patent are not entitled to a scope that would embrace any product made, used, sold or offered for sale by ITL; and
- (c) by reason of the proceedings in the United States Patent and Trademark Office ("the Patent Office") during prosecution of the applications that resulted into the two patents-in-suit, including the admissions by the patentee and representations during those proceedings, Cygnus is precluded from advancing any construction or interpretation of either patent that would cover any product made, used, sold, offered for sale or imported into the United States by ITL.

16. US Patent Nos. 5,883,964 and 6,035,027 are unenforceable due to the patentees' inequitable conduct and breach of the duty of candor owed to the Patent Office. The patentee, his attorney, or both were aware of material prior art that was not disclosed to the Patent Office during prosecution of the patent application from which the two patents-in-suit issued. Such prior art includes products that were sold in the United States more than one

1 year before the filing date of each patent in suit and furthermore anticipated or rendered
2 obvious one or more of the claims being prosecuted in the patent application.

3 **III. ITL'S COUNTERCLAIMS**

4 In its counterclaims, ITL seeks a declaratory judgment that U.S. Patent Nos. 5,883,964
5 and 6,035,027 are invalid and not infringed

6 17 Counterclaim plaintiff ITL is a corporation organized and existing under the
7 laws of the State of Delaware having a principal place of business at 417 2nd Ave W.,
8 Seattle, Washington 98119.

9 18. Counterclaim defendant Cygnus filed a Complaint for patent infringement
10 against ITL in the United States District Court for the Western District of Washington on
11 July 27, 2001. The Complaint alleges that ITL has infringed and is now infringing U.S.
12 Patent Nos. 5,883,964 and 6,035,027. Accordingly, there is an actual and justifiable
13 controversy concerning whether the patents-in-suit are valid and infringed by ITL.

14 19. ITL's counterclaims arise under the Patent Act, 35 U.S.C. § 1 *et seq.* and the
15 Declaratory Judgments Act, 28 U.S.C. §§ 2201 and 2202. This court has jurisdiction over
16 ITL's request for declaratory relief under 28 U.S.C. §§ 1331, 1338, and 2201. Venue in the
17 United States District Court for the Western District of Washington is proper under 28 U.S.C.
18 §§ 1391(b) and (c).

19 **First Counterclaim: Declaratory Judgment of Invalidity**

20 20. ITL realleges paragraphs 17 through 19 above.

21 21. The claims of U.S. Patent Nos. 5,883,964 and 6,035,027 are invalid for failure
22 to comply with one or more provisions of 35 U.S.C. § 102.

23 22. The claims of U.S. Patent Nos. 5,883,964 and 6,035,027 are invalid for failure
24 to comply with 35 U.S.C. § 103.

25 23. The claims of U.S. Patent Nos. 5,883,964 and 6,035,027 are invalid for failure
26 to comply with one or more provisions of 35 U.S.C. § 112

1 **Second Counterclaim: Declaratory Judgment of Unenforceability**

2 24. ITL realleges paragraphs 17 through 19 above

3 25. U.S. Patent Nos. 5,883,964 and 6,035,027 are unenforceable by reason of the
4 patentee's inequitable conduct and breach of the duty of candor owed to the Patent Office.

5 26. The patentee, his patent attorney, or both, were aware of material prior art that
6 was not disclosed to the Patent Office during prosecution of the patent application from which
7 both patents-in-suit issued. Such prior art includes products or services that were sold in the
8 United States more than one year before the filing date of the patent application and that
9 anticipated or rendered obvious one or more claims being prosecuted in either patent
10 application.

11 27. The patentee's actions during prosecution of both patent applications from
12 which the patents-in-suit issued constitute inequitable conduct that renders unenforceable the
13 U.S. Patent Nos. 5,883,964 and 6,035,027.

14 **Third Counterclaim: Declaratory Judgment of Non-Infringement**

15 28. ITL realleges paragraphs 17 through 19 above.

16 29. Neither of the patents-in-suit have been infringed by ITL or are being infringed
17 by ITL for at least the following reasons: (a) ITL does not make, use, sell, offer to sell or
18 import into the United States the invention claimed in U.S. Patent Nos. 5,883,964 and
19 6,035,027; (b) because of the prior art, the claims of the '074 patent are not entitled to a scope
20 that would embrace any product made, sold or offered for sale by ITL; and (c) by reason of
21 the proceedings in the Patent Office during prosecution of the applications that resulted in
22 both patents-in-suit, including the patentee's admissions and representations during those
23 proceedings, the patentee is precluded from advancing any construction or interpretation of
24 the patents-in-suit that would cover any product or service made, used, sold or offered for sale
25 by ITL

26 Wherefore, defendant ITL prays for the following:

27 A. A judgment declaring that U.S. Patent No. 5,883,964 is invalid;

- B. A judgment declaring that U.S. Patent No 6,035,027 is invalid;
- C. A judgment that U.S. Patent No. 5,883,964 is not infringed by ITL;
- D. A judgment that U S. Patent No. 6,035,027 is not infringed by ITL;
- E. An order enjoining Cygnus from further charges of patent infringement and acts of enforcement, or suit, based on U.S Patent Nos. 5,883,964 and 6,035,027 or from patents issuing from the applications leading to the patents-in-suit or claiming priority from those applications;
- F. A determination that this case is exceptional;
- G. An award of ITL's reasonable attorney's fees and costs incurred in this action;
- H. And such other and further relief as this court shall deem necessary

Dated this 4th day of September, 2001

CHRISTENSEN O'CONNOR
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Honorable Robert S. Lasnik

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CYGNUS TELECOMMUNICATIONS
TECHNOLOGY, LLC,

Plaintiff,

v.

INTERNATIONAL TELECOM LTD. and
KALLBACK, INC, its subsidiary,

Defendants

No C01-1158

CERTIFICATE OF SERVICE

I hereby certify that on the 4th day of September, 2001, the original of the
DEFENDANT'S ANSWER AND COUNTERCLAIMS was filed with the Court and true
copies were served in the manner listed below.

Via hand delivery to:

Lawrence D. Graham, Esq.
Black Lowe & Graham
816 Second Avenue
Seattle, WA 98104

Local Counsel for Defendants

1 and a true copy via facsimile to:

2 John P Sutton
3 Attorney at Law
4 2421 Pierce Street
5 San Francisco, CA 94115-1131
6 Facsimile No 1-415-929-7408

7 Attorneys for Defendants

8 Executed on Sept. 4, 2001

9 
10 (signature)

11 JWA/MXW teb

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